

Information Request DTE 1-5:

Please discuss whether the Company considered any of the following entities prior to entering into the Firm Storage and Transportation Agreements: Adams Resources, AEP, Aquila, BP Amoco, Calpine, Coenergy/DTE, Conoco, Coral Energy, Distrigas, Duke, Encana, Entergy/Koch, Hess, TOTAL FINA-Elf, Louis Dreyfus, Mirant, Noble, NUI, OGE, PG&E, Proliance, Reliant Energy, SEMPRA, Sprague, TXU.

Response:

When the Company identified its seasonal inventory shortfall, it considered the benefits of purchasing market area supplies at a point such as Texas Eastern M3, a liquid market-area hub. Under these circumstances, there would be no commitment of capacity. Several of the suppliers listed above would be capable of providing such services. However, during previous winters, prices in the Northeast market area have been extremely volatile and subject to price increases reflective of capacity constraints in this region, as demonstrated in the attached analysis (see Attachment DTE-1-5). Therefore, the Company elected to pursue the option of procuring additional storage capacity, which can be filled using summer gas purchases that are not as sensitive to winter weather or demand driven price increases.